

AMENDED IN SENATE MARCH 29, 2006

SENATE BILL

No. 1338

Introduced by Senator Alquist

February 17, 2006

An act to add Part 4 (commencing with Section 1000) to Division 1 of the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 1338, as amended, Alquist. California Health Care Infrastructure Authority.

Under existing law, the State Department of Health Services and the California Health and Human Services Agency have various responsibilities relating to the provision of health care.

This bill would require the ~~department and the~~ agency, *in consultation with the department and the California Department of Managed Health Care*, to ~~jointly~~ establish and operate the California Health Care Infrastructure Authority, to improve the quality of health care in California, and to reduce the cost of health care through the advancement of health information technology. The bill would require, *within one year of establishment, and annually thereafter*, the authority to develop *and deliver to the Legislature* a plan ~~to ensure that regarding the opportunity for every Californian will resident of the state to have an electronic health care record by the year 2010~~, and would specify the required contents of the plan. The bill would set forth the other responsibilities of the authority, including, among others, conducting research, implementing pilot projects as necessary, and pursuing a waiver to enable the Medi-Cal program to participate in the statewide information technology infrastructure under the bill.

This bill would authorize the authority to receive various forms of ~~state, federal, and private~~ funding for purposes of the bill. It would require the authority to submit an annual report of its activities to the Governor and the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) Health care cost inflation, coupled with an aging California
- 3 population, is projected to create potentially unsustainable
- 4 deficits.
- 5 (b) Employers, governments, and individuals face similar
- 6 financial pressures as health care costs continue to increase faster
- 7 than incomes.
- 8 (c) California has a large uninsured population and ~~serious~~
- 9 ~~problems with inefficiency and poor quality of care.~~
- 10 *opportunities to improve the efficiency and quality of care for the*
- 11 *underserved.*
- 12 (d) Health care providers are poorly equipped, for the most
- 13 part, for the growing crisis. Most health care providers lack the
- 14 information systems necessary to keep pace with an increasing
- 15 body of medical knowledge.
- 16 (e) Information systems to help health care providers deal with
- 17 issues associated with coordinating care across medical and
- 18 social models, as well as with other providers, are underutilized.
- 19 (f) Information systems designed to assist with compliance of
- 20 health directives with disease prevention and management
- 21 guidelines are underutilized.
- 22 (g) Information systems to assist with measuring and
- 23 improving health care performance are poorly utilized.
- 24 ~~(h) Information systems to rapidly detect and respond to~~
- 25 ~~public health crises are nonexistent or poorly utilized.~~
- 26 *(h) Information systems could assist in rapidly detecting and*
- 27 *responding to bioterrorism and pandemics.*
- 28 (i) Use of electronic medical records could save as much as
- 29 eight billion dollars annually in California through improvements
- 30 in health care delivery efficiency. Health information
- 31 technology-enabled improvements in disease prevention and

1 management could more than double those savings, while
2 lowering age-adjusted mortality by as much as 18 percent and
3 reducing annual employee sick days.

4 SEC. 2. Part 4 (commencing with Section 1000) is added to
5 Division 1 of the Health and Safety Code, to read:

6
7 PART 4. HEALTH CARE INFRASTRUCTURE AUTHORITY

8
9 1000. *For purposes of this part, the following terms shall*
10 *apply:*

11 (a) *“Electronic health record” means a secure, real-time,*
12 *point-of-care, patient-specific information resource that assists a*
13 *health care provider in making a decision by providing access to*
14 *the patient’s health information when needed and that*
15 *incorporates evidence-based decision support.*

16 (b) *“Personal health record” means an electronic application*
17 *that enables an individual to access, manage, and share his or*
18 *her health information and, with authorization, the health*
19 *information of others in a private, secure, and confidential*
20 *environment.*

21 ~~1000. (a) The department and the California Health and~~
22 ~~Human Services Agency shall jointly establish and operate the~~

23 1001. (a) *The California Health and Human Services*
24 *Agency, in consultation with the department and the California*
25 *Department of Managed Health Care, shall established and*
26 *operate the California Health Care Infrastructure Authority, as*
27 *provided in this part. The purposes of the authority are to*
28 *improve the quality of health care in California and to reduce the*
29 *cost of health care through the advancement of health*
30 *information technology.*

31 ~~(b) The authority shall develop a plan for the state to ensure~~
32 ~~that every Californian will have an electronic health care record~~
33 ~~by the year 2010.~~

34 (b) *Within one year of establishment, and annually thereafter,*
35 *the authority shall develop and deliver to the Legislature a*
36 *strategic plan comprised of goals and timelines for the*
37 *achievement of the following by the year 2014:*

38 (1) *The initiation by hospitals, clinics, and private practices in*
39 *this state of electronic records for their patients.*

1 (2) *The creation of the opportunity for every state resident to*
2 *have a personal, portable, electronic health record that will*
3 *include significant medical conditions important to caregivers.*

4 (3) *The availability of medical records of state residents to*
5 *caregivers at any time and at any location in the state, while*
6 *ensuring patient privacy and the security of the information in*
7 *conformance with applicable laws and regulations.*

8 (c) The plan developed by the authority shall include the
9 establishment of incentives and standards that foster the creation
10 ~~of electronic medical records and the integration of digital patient~~
11 *of electronic health records and the integration of personal*
12 *health records for all—*~~Californians~~ *residents of the state by*
13 *California health care providers in order to improve health care*
14 *quality, safety, and efficiency, and to reduce health care costs.*

15 (d) The plan shall ensure that by January 1, 2008, the state has
16 initiated all of the following:

17 (1) The adoption of standards to work in concert with federal
18 health care initiatives.

19 (2) The creation of ~~electronic—medical~~ *health* records and
20 ~~digital patient~~ *personal health* records, as well as interoperability
21 and privacy standards, which shall be consistent with applicable
22 federal law.

23 ~~(3) Policy and legislative proposals to align incentives for~~
24 ~~health care providers, so that the health care providers will invest~~
25 ~~in health information technology.~~

26 (3) *The identification of incentives that encourage the*
27 *adoption and use of personal health records and electronic*
28 *health records. The authority may consider all of the following:*

29 (A) *A study of new reimbursement strategies, including*
30 *Medi-Cal reimbursement.*

31 (B) *Pay for performance strategies.*

32 (C) *Linking standards of compliance to licensure.*

33 (D) *Tax incentives.*

34 1002. Responsibilities of the authority shall include, but shall
35 not be limited to, all of the following:

36 (a) Providing leadership in the redesign of health care delivery
37 systems, using information technology to ensure that every
38 Californian receive care that is safe, effective, patient-centered,
39 timely, efficient, and equitable.

1 (b) Serving as a forum for the exchange of ideas and
2 consensus-building regarding the advancement of health
3 information infrastructure and health care applications.

4 (c) Conducting research to identify innovative health care
5 applications, using information technology and systems to
6 improve patient care and reduce the cost of care, including
7 applications to support ~~electronic~~ disease management and
8 evidence-based medicine.

9 (d) If necessary, implementing pilot projects to determine the
10 impact of various health care applications using information
11 technology and systems on the quality of patient care and the cost
12 of health care.

13 ~~(e) Facilitating the transfer of the authority's research findings~~
14 ~~into clinical practice.~~

15 *(e) Facilitating the adoption of the technology.*

16 (f) Facilitating the integration of the health information
17 infrastructure with other information infrastructure development,
18 particularly in the areas of adoption of standards to work in
19 concert with federal initiatives and the interoperability and
20 privacy standards.

21 (g) Recommending policies and standards to ensure the
22 security and confidentiality of health information, which shall be
23 consistent with applicable federal law.

24 ~~(h) Providing recommendations on~~ *Ensuring that* standards for
25 software and communication between networks *in the state are*
26 *consistent with federal initiatives.*

27 (i) Pursuing a waiver to enable the Medi-Cal program to pay
28 its share of investments in statewide information technology
29 infrastructure, provide financial incentives to providers who use
30 health information technology, and add telemedicine as a covered
31 service.

32 (j) Identifying strategies to accelerate market forces through
33 incentives to adopt and use standards-based electronic ~~medical~~
34 *health* records and build a foundation for value-based
35 ~~competition~~ *pay for performance.*

36 ~~(k) Subsidizing change by targeting the development of~~
37 ~~regional health information exchange networks, decreasing the~~

38 *(k) Facilitating the coordination of appropriate state agencies*
39 *and departments with regional health information exchange*
40 *networks, decreasing the risks of health information technology*

1 adoption and networking, and monitoring systems to assess
2 adoption patterns and needs.

3 *(l) Coordinating with private sector initiatives that are*
4 *consistent with the purposes of the authority.*

5 1004. The authority may receive federal funds,—state
6 appropriations, gifts, grants, revolving funds, fees-for-service,
7 and any other public or private funds for purposes of
8 implementing this part.

9 ~~1006. The authority shall submit an annual report of its~~
10 ~~activities to the Governor and the Legislature, articulating key~~
11 ~~policy objectives that are required to be undertaken in order to~~
12 ~~maximize the benefits of integrating an electronic medical record~~
13 ~~system and other health information technology initiatives.~~